



**Management's Discussion and Analysis
For the three and nine months ended September 30, 2016
Dated November 10, 2016**

BUSINESS DESCRIPTION AND READER GUIDANCE

Condor Petroleum Inc. ("Condor" or the "Company") is an international oil and gas company incorporated on October 20, 2006 with activities in the Republic of Kazakhstan ("Kazakhstan") and the Republic of Turkey ("Turkey"). Additional information relating to the Company, including the Annual Information Form, is available on SEDAR at www.sedar.com.

The following Management's Discussion and Analysis ("MD&A") of Condor should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2016 and 2015, and the audited consolidated financial statements for the years ended December 31, 2015 and 2014 (the "financial statements"). The unaudited interim condensed consolidated financial statements and the audited consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A is dated November 10, 2016, the date the Condor Board of Directors approved the financial statements.

All financial amounts are in Canadian dollars, unless otherwise stated.

OVERALL PERFORMANCE

Highlights

- Production contracts for the Shoba and Taskuduk oil fields in Kazakhstan were signed in the third quarter of 2016 and commercial oil production at both fields has commenced. The combined production from these 100% owned oilfields has averaged over 600 barrels per day over the past 30 days.
- In Turkey, the Poyraz 5 appraisal well and Poyraz 3 development well were drilled and cased. Based on wireline log interpretation, the Poyraz 5 well encountered over 140 meters of net gas pay and the Poyraz 3 well encountered over 135 meters of net gas pay.
- The Poyraz West 5 appraisal well is expected to be spud in November and reach total depth in December 2016.
- Equipment is being mobilized to the Poyraz 3 well to begin completion and testing operations.
- Construction and procurement activities continue on the 15 MMscf/day gas processing facility for the Poyraz Ridge field. The project remains on track for gas sales to commence in mid-2017, providing access to cash flow from a region with strong domestic gas demand and pricing.
- Capital expenditures for the three and nine months ended September 30, 2016 amounted to \$6.6 million and \$9.3 million respectively (2015: \$6.3 million and \$10.5 million) which relate mainly to Poyraz Ridge field development in Turkey.
- Working capital (defined as current assets minus current liabilities) as of September 30, 2016 was \$28.7 million and the Company has no debt.
- A credit facility is being pursued to assist with funding the Poyraz Ridge development costs.

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- The Company recorded net loss of \$1.6 million for the three months ended September 30, 2016 (2015: \$1.4 million) and \$8.7 million for the nine months ended September 30, 2016 (2015: \$3.9 million).

Operations

Production in Kazakhstan resumed at the Shoba oilfield in September and at the Taskuduk oilfield in October after the respective production contracts were signed with the Government of Kazakhstan in the third quarter of 2016. The Company signed the first sales contract since commencing commercial production at the approximate wellhead price of \$29 per barrel which, after deducting royalties, provides a netback of \$28 per barrel. Planning is underway to drill additional Shoba horizontal wells in the second half of 2017.

For the three and nine months ended September 30, 2016 the Company produced 5,903 barrels of oil or an average of 454 bopd during the 13 producing days from September 18-30, 2016 after resuming production at Shoba (three months ended September 30, 2015: nil; nine months ended September 30, 2015: 28,620 barrels of oil). The combined production from Shoba and Taskuduk averaged over 600 barrels per day over the past 30 days since production resumed at Taskuduk.

For the three months ended September 30, 2016, the net loss increased to \$1.6 million from \$1.4 million for the same period in 2015. For the nine months ended September 30, 2016, the net loss increased to \$8.7 million from \$3.9 million for the same period in 2015 due mostly to the foreign exchange loss of \$2.5 million in 2016 compared to \$8.3 million foreign exchange gain in 2015 partially offset by deferred tax recovery of \$1.8 million in the nine months ended September 30, 2016 (2015: deferred tax expense of \$3.2 million). Cash used in operations amounted to \$7.9 million for the nine months ended September 30, 2016 compared to \$6.6 million in the same period in 2015.

Capital expenditures for the three and nine months ended September 30, 2016 amounted to \$6.6 million and \$9.3 million respectively (\$6.3 million and \$10.5 million for the same periods in the prior year) and relates mainly to Poyraz Ridge field development in Turkey.

Construction and procurement activities continue on the 15 MMscf/day Poyraz Ridge gas processing facility. Project costs and schedule uncertainties continue to decrease as the major components for the facility and gas sales pipeline have been purchased, contracted or tendered. Two gas compressors were recently installed and delivery of the refrigeration unit and inlet separator is expected in December. Regulatory approvals have been received for the gas sales pipeline routing and tie-in entry point and installation is planned to commence in the first quarter of 2017. Negotiations are underway for a gas sales agreement which is expected to be completed in the fourth quarter of 2016. The project continues to target first gas by mid-2017, providing access to cash flow from a region with strong domestic gas demand and pricing.

Poyraz 5 appraisal well was spud in late August and drilled to 1,879 meters and cased with 7" production casing. Based on wireline log interpretation, the well encountered over 140 meters of net gas pay in multiple stacked reservoirs of Miocene (Kirazli and Gazhanedere sandstone formations) and Eocene (Sogucak carbonate formation) age. No gas-water contact was encountered in the Gazhanedere and the gas-water contact in the Sogucak was confirmed to be located beneath the Company's mapped structural spill-point. There were also three new gas bearing zones encountered in the Gazhanedere that are not present in previous wells. Poyraz 5 results should have a positive impact on the Company's reserves as the 'gas down to' depth for the Gazhanedere is now deeper and the Sogucak is gas-filled to the structural spill point. Poyraz 5 also validates the Company's seismic interpretation, geologic modelling and petrophysical analysis.

The Poyraz 3 development well was spud in October and drilled to 1,926 meters and cased with 7"

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production casing. Based on wireline log interpretation, the well encountered over 135 meters of net gas pay in the same multiple stacked reservoirs. Advanced borehole wireline imaging of the Sogucak carbonate in Poyraz 3 confirms the presence of an extensive network of fractures within the pay column which should serve to enhance flow performance while further adding to the Company's reserves. Equipment is being mobilized to the Poyraz 3 well to begin completion and testing operations. Completion and testing of Poyraz 5 will occur after Poyraz 3.

The drilling rig has moved to a different drilling pad and is preparing to spud Poyraz West 5, which is another appraisal well and is designed to test the northern extension of the Poyraz Ridge field. This region represents up to 30% of the trap closure area but currently has no reserves attributed to it.

Reserves

Gross Company reserves as of December 31, 2015, by Product

	Kazakhstan	Turkey*				Total
	Oil Mbbl	Gas MMscf	Gas Mboe	Liquids Mbbl	Total Mboe	Mboe
Proved	1,657	9,759	1,627	93	1,720	3,377
Probable	1,448	11,418	1,903	80	1,983	3,431
Proved plus Probable	3,105	21,177	3,530	173	3,703	6,808
Possible	1,354	14,593	2,432	115	2,547	3,901
Proved plus Probable plus Possible	4,459	35,770	5,962	288	6,250	10,709

* Including the reserves at the Poyraz Ridge field in Turkey as of December 31, 2015 which Condor acquired March 24, 2016. See Reserves Advisory.

As per the independent evaluations of the crude oil, condensate and gas reserves of the Kazakhstan and Turkish assets as at December 31, 2015, the corresponding reserves values (NPV10 after tax) for Proved reserves is USD 44.1 million, for Proved plus Probable reserves is USD 95.2 million and for Proved plus Probable plus Possible reserves is USD 163.3 million (see Reserves Advisory).

SELECTED FINANCIAL INFORMATION

For the three months ended September 30 (\$000's)	2016	2015
Crude oil sales	72	44
Net loss	(1,650)	(1,382)
Net loss per share ⁽¹⁾	(0.04)	(0.04)
Capital expenditures	6,614	6,277
For the nine months ended September 30 (\$000's)		
Crude oil sales	329	147
Net loss	(8,710)	(3,903)
Net income (loss) per share ⁽¹⁾	(0.21)	(0.11)
Capital expenditures	9,297	10,517
Capital acquisitions	9,197	-

(1) Basic and diluted

RESULTS OF OPERATIONS

Production

Production in Kazakhstan resumed at the Shoba oilfield in September and at the Taskuduk oilfield in October after the respective production contracts were signed with the Government of Kazakhstan in the third quarter of 2016. For the three and nine months ended September 30, 2016, the Company produced 5,903 barrels of oil or an average of 454 bopd during the 13 producing days of September 18-30, 2016 after resuming production at Shoba (three months ended September 30, 2015: nil; nine months ended September 30, 2015: 28,620 barrels of oil). The combined production from Shoba and Taskuduk averaged above 600 barrels per day over the past 30 days since production resumed at Taskuduk.

Sales and marketing

Revenue from crude oil sales in Kazakhstan for the three months ended September 30, 2016 amounted to \$0.07 million from 3,602 barrels sold at an average wellhead price of \$19.47 per barrel as compared to revenue of \$0.04 million from 2,938 barrels sold at an average price of \$14.97 per barrel for the three months ended September 30, 2015.

Production costs

The Company recognized production costs of \$0.04 million and \$0.14 million for the three and nine months ended September 30, 2016 (\$0.2 million and \$0.6 million for the three and nine months ended September 30, 2015) reflecting the sales in June and July 2016 from the existing inventory.

General and administrative expenses

General and administrative expenses decreased to \$6.0 million for the nine months ended September 30, 2016 from \$6.4 million for the same period in 2015 despite the Company's March 2016 acquisition of the Ortakoy Properties in Turkey and resulting increased development activities as the Company continues to focus on cost optimization and achieving synergies from leveraging existing staff.

Depletion and depreciation

For the nine months ended September 30, 2016, depletion and depreciation decreased to \$0.3 million from \$1.4 million for the same period in 2015 due mainly to the write-down of the depletion cost element of crude oil inventory as part of the inventory adjustment from cost to net realizable value in the first quarter of 2015.

Stock based compensation

Stock based compensation expense decreased to \$0.4 million for the nine months ended September 30, 2016 from \$0.6 million for the same period in 2015. The expense is recognized on a graded basis and fluctuates based on the timing of the grants and vesting periods.

Finance income, expense and accretion expense

For the nine months ended September 30, 2016, finance income, which includes accretion of Kazakhstan value added tax receivables ("VAT"), increased to \$0.6 million compared to \$0.5 million in the same period of 2015.

Finance expense decreased to \$0.5 million for the nine months ended September 30, 2016 from \$0.7 million for the same period in 2015. The expense includes the impact of discounting VAT receivables and accretion expense on historical cost obligations and decommissioning provisions.

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Foreign exchange loss amounted to \$2.5 million in the nine months ended September 30, 2016 compared to the gain of \$8.3 million for the same period in 2015 due to the foreign exchange loss on USD denominated current assets, mainly cash and cash equivalents, as the USD depreciated against the CAD in the current period.

Deferred tax expense

Deferred tax recovery amounted to \$1.8 million for the nine months ended September 30, 2016 compared to an expense of \$3.2 million in the same period of 2015. Movements in deferred tax liabilities and related expense or recovery arise mainly due to the foreign currency translation adjustments on Condor's USD denominated intercompany loans to foreign subsidiaries and foreign exchange differences on USD cash held.

QUARTERLY INFORMATION

The following table sets forth selected unaudited financial information of the Company for the eight most recently completed quarters to September 30, 2016:

For the quarter ended (000's except per share amounts)	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Crude oil sales ⁽¹⁾	72	257	-	-	44	-	103	1,108
Net income (loss) ⁽²⁾	(1,650)	(2,994)	(4,065)	585	(1,382)	(2,481)	(40)	(1,642)
Net income (loss) per share ⁽³⁾	(0.04)	(0.07)	(0.12)	0.02	(0.04)	(0.07)	-	(0.05)

(1) Production, and subsequently sale volumes have been partially constrained and inconsistent due to certain trial production and exploration period limitations, gas flaring restrictions and permitting, low prices for Kazakhstan domestic crude oil and refined crude oil products and delays experienced in executing respective production contracts for Shoba and Taskuduk.

(2) Net income (loss) in all periods has been impacted by, among other things, production and sales issues discussed in (1) above, general and administrative costs and foreign exchange gains and losses in the respective periods.

(3) Basic and diluted.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2016, cash and cash equivalents were \$30.0 million, and working capital was \$28.7 million. The Company has future contractual work commitments related to Zharkamys, Shoba and Taskuduk in Kazakhstan and two of the Ortakoy Properties in Turkey as follows:

(millions)	< 1 year	1-3 years	Total
Zharkamys	0.2	-	0.2
Shoba	13.8	2.6	16.4
Taskuduk	0.7	0.3	1.0
Ortakoy H17 a2-1	1.1	-	1.1
Ortakoy H17 b1-1	1.1	-	1.1

The Company has sufficient capital to fund the planned exploration and operating activities for at least the next

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twelve months.

COMMITMENTS AND CONTINGENT LIABILITIES

Zharkamys work program

The Company has contractual work commitments pursuant to the Zharkamys exploration contract in Kazakhstan. These work commitments may be amended from time to time in accordance with planned exploration and development activities proposed by the Company and approved by the Government of Kazakhstan and additional amounts could be significant. In addition, any exploration period extensions or subsequent development periods would likely carry additional work commitments, which could be significant. Non-fulfilment of work commitments for Zharkamys could result in punitive actions by the Government of Kazakhstan including suspending or revoking the contract. Financial work commitment shortfalls may be subject to penalties of 30% of the shortfall.

The Company has applied for an extension to the Zharkamys exploration contract which currently expires on December 14, 2016. Although the Company expects to receive the extension, there is uncertainty regarding the ability to obtain such an extension and the timing thereof. In case the extension is not obtained, the balance of exploration and evaluation assets of \$54.2 million will be written off and the Company will have no further commitments related to Zharkamys exploration contract.

Shoba and Taskuduk work programs

The Company has contractual work commitments pursuant to the Shoba and Taskuduk production contracts in Kazakhstan. These work commitments may be amended from time to time in accordance with planned development activities proposed by the Company and approved by the Government of Kazakhstan and additional amounts could be significant. Non-fulfilment of work commitments for Shoba and Taskuduk could result in punitive actions by the Government of Kazakhstan including suspending or revoking the respective contract in case financial work commitment fulfilment is less than thirty percent for two subsequent years. Financial work commitment shortfalls for development activities are not subject to penalties while shortfalls on the training, social development and scientific research components may be subject to penalties of 1% of the shortfall.

Ortakoy Property work programs

The Company has commitments to drill an exploration well during 2016-2017 on each of the Ortakoy H17 a2-1 and H17 b1-1 licenses in Turkey at an estimated cost of \$1.1 million per well and \$2.2 million in total. Failure to drill a commitment well on a certain operating license could lead to the loss of that operating license.

Other contractual obligations

The Company's other contractual obligations are as follows:

(000's)	< 1 year	1-3 years	4-5 years	> 5 years	Total
Accounts payable and accrued liabilities	2,615	-	-	-	2,615
Non-cancellable operating leases	314	10	-	-	324
Other long term liabilities (undiscounted)	501	1,001	1,001	2,504	5,007

OUTSTANDING SHARE DATA

Common shares

As at September 30, 2016 and the date of this MD&A there were 43,265,100 common shares of the Company issued and outstanding.

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Stock options

As at September 30, 2016, the Company had 3,468,000 stock options outstanding with a weighted average exercise price of \$2.81 per share. The Company awarded 1,025,000 stock options on May 25, 2016 that have an exercise price of \$1.33 per share which are subject to shareholder approval. The previous shareholder approval of the stock option plan expired on May 23, 2016 and the renewal of the stock option plan was approved by the shareholders during the annual general meeting of shareholders on June 23, 2016. Given the fact that options were awarded between the expiration and renewal dates of the shareholder approvals, the Company will need to obtain shareholder approval ratifying the grant at next year's shareholders' meeting in the second quarter of 2017. As employee services have commenced, the Company has recognized \$0.2 million in stock based compensation expense in the period ended September 30, 2016. Stock options subject to approval are revalued each period end and had a fair value of \$0.4 million as of September 30, 2016. The fair value of each option awarded is estimated using the Black-Scholes option pricing model assuming: a 3.5 year expected life; a 0.6% risk free interest rate; a 73% expected volatility, which has been based on historical share price volatility of the Company; 16% expected forfeiture rate; and weighted average share price of \$0.97.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements as at September 30, 2016.

CRITICAL ACCOUNTING ESTIMATES

The timely preparation of financial statements requires management to make use of judgments, estimates and assumptions when transactions affecting the current accounting period cannot be finalized until future periods. These estimates will affect assets, liabilities and the disclosure of assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting periods. Such estimates are based on informed judgments made by management. Actual results could differ from those estimates as future confirming events occur. Significant assumptions and estimates about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying amount of assets and liabilities, in the event that actual results differ from assumptions made, are outlined below.

- Business combinations: the Company uses the acquisition method to account for business combinations. Assets acquired and liabilities assumed in a business combination are recorded at fair value at the time of acquisition. The determination of fair value requires the Company to make estimates, assumptions and judgments that are subject to measurement uncertainty. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities, including the fair value of property and equipment, other long-term assets and provisions. Consequently, the purchase price allocation impacts the Company's reported assets and liabilities and future net earnings, due to the impact on future depreciation and depletion expense as well as impairment tests.
- Impairment testing: estimates include volumes of recoverable reserves and resources, future commodity prices, future operating and capital costs, production profiles, discount rates, and consequently fair values of properties. A downward revision in the reserve or resource estimates or an upward revision to future capital costs could result in an asset impairment which would reduce future earnings and the associated net book value of assets;
- Other long term assets and liabilities: estimates include the timing and amounts of future receipts and payments, discount rates and related cash flows. A change in the timing of cash flows or discount rates may impact earnings as a result of changes in finance income and expense;

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- Depletion: estimates include the amount of reserve volumes and future development capital. A downward revision in the reserve or resource estimates or an upward revision to future capital may result in increased depletion and a reduction in net book value of assets if such a revision results in an accounting impairment. Depletion is charged on a unit-of-production basis over the Proved and Probable reserves for each cash generating unit and a revision in the productive capacity of the assets may result in increased depletion and a reduced net book value of assets;
- Decommissioning provisions: estimates include the amount and expected timing of asset retirements, discount and inflation rates and future cash flows. As a result of the long-term nature of the Company's operations, these estimates may change over time which may result in a change in the decommissioning provision and corresponding asset value, and impact future earnings as a result of changes in accretion and depletion expense;
- Stock based compensation: estimates include determining appropriate share price volatility, expected lives, forfeiture rates and risk free rates; and
- Deferred income tax: determining likelihood of income tax assets being realized requires estimates of future taxable income. Changes in the estimate of future taxable income and the recovery of deductible temporary differences may result in the recognition of a deferred tax asset on the statement of financial position and an increase in earnings at the time when the tax recovery is charged.

There were no new or amended accounting standards or interpretations adopted during the period ended September 30, 2016.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's President and Chief Executive Officer ("CEO") and Vice President, Finance and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

During the nine months ended September 30, 2016, there have been no changes to the Company's ICFR that have materially, or are reasonably likely to materially affect the ICFR. Because of their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control systems are met.

RESERVES ADVISORY

This MD&A includes information pertaining to the independent Evaluation of Crude Oil Reserves Shoba and Taskuduk West Fields, Kazakhstan as of December 31, 2015 prepared by independent reserves evaluators McDaniel & Associates Consultants Ltd. ("McDaniel") and the Report as of December 31, 2015 on Reserves and Revenue Attributable to the Poyraz Ridge Field in the Thrace Basin, Turkey prepared by DeGolyer and MacNaughton ("D&M"). Each report was prepared by qualified reserves evaluators in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and is based on respective McDaniel and D&M forecast pricing effective December 31, 2015. Additional reserve information as required under NI 51-101 is included in the Company's Annual Information Form filed on SEDAR.

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Statements relating to reserves are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated. The reserve estimates described herein are estimates only. The actual reserves may be greater or less than those calculated. Estimates with respect to reserves that may be developed and produced in the future are often based upon volumetric calculations, probabilistic methods and analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be material, in the estimated reserves.

References herein to barrels of oil equivalent ("boe") are derived by converting gas to oil in the ratio of six thousand cubic feet ("Mcf") of gas to one barrel of oil based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf to 1 barrel, utilizing a conversion ratio at 6 Mcf to 1 barrel may be misleading as an indication of value, particularly if used in isolation.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved reserves.

"Probable" reserves are those additional reserves that are less certain to be recovered than Proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved plus Probable reserves.

"Possible" reserves are those additional reserves that are less certain to be recovered than Probable reserves. There is a 10 percent probability that the quantities actually recovered will equal or exceed the sum of Proved plus Probable plus Possible reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved plus Probable plus Possible reserves.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking statements under applicable securities legislation. Such statements are generally identifiable by the terminology used, such as "anticipate", "appear", "believe", "intend", "expect", "plan", "estimate", "budget", "outlook", "scheduled", "may", "will", "should", "could", "would" or other similar wording. Forward-looking information in this MD&A includes, but is not limited to, information concerning: the timing and ability to mature drill-ready targets; the timing and ability to obtain various approvals for the Company's exploration and development activities; the expectations, timing and costs of exploration, appraisal and development activities including the cost of drilling future wells; historical oil and gas prices may not be indicative of future oil and gas prices; the timing and ability to develop the gas reserves, construct the required infrastructure and deliver first gas; wireline log interpretations including determining net pay, the ability to identify gas-water contacts, validate seismic interpretation / modeling and petrophysical analysis, determining that Poyraz Ridge is filled to the structural spill point and confirming the presence of fractures within the pay column and any impact thereof; the ability and timing to increase reserves based on drilling results, future well completion, testing and production results; the timing and ability to conduct completion and testing operations; the ability of the drilled wells to become future gas producing wells; the timing and ability to obtain future funding on favourable terms including through a credit facility; the timing and ability to access oil and gas pipelines and oil and gas domestic and export sales markets; the timing and ability to obtain exploration

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and production contract extensions; the potential for additional contractual work commitments; the Company's ability to meet and fund its contractual work commitments; the satisfaction of the work commitments; the results of non-fulfillment of work commitments; the expected costs and the flexibility of capital spending plans; the expectations related to future general and administrative and other expenses; projections relating to the adequacy of the Company's provision for taxes; projections and timing with respect to crude oil production; production results provided may not be indicative of future production rates, capabilities or ultimate recovery; the timing and ability to collect overdue accounts receivables; the timing and ability to collect VAT; and treatment under governmental regulatory regimes and tax laws.

By its very nature, such forward-looking information requires Condor to make assumptions that may not materialize or that may not be accurate. Forward-looking information is subject to known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such information. Such factors and assumptions include, but are not limited to: regulatory changes; the timing of regulatory approvals; risk that the actual minimum work program will exceed the initially estimated amount; the results of exploration and development drilling and related activities; imprecision of reserves and resources estimates, ultimate recovery of reserves, prices of oil and natural gas; the historical composition and quality of oil and gas may not be indicative of future composition and quality; general economic, market and business conditions; industry capacity; uncertainty related to production, marketing and transportation; competitive action by other companies; fluctuations in oil and natural gas prices; the ability to produce and transport crude oil and natural gas to markets; the effects of weather and climate conditions; fluctuation in interest rates and foreign currency exchange rates; the ability of suppliers to meet commitments; actions by governmental authorities, including increases in taxes; decisions or approvals of administrative tribunals and the possibility that government policies or laws may change or government approvals may be delayed or withheld; changes in environmental and other regulations; risks associated with oil and gas operations, both domestic and international; international political events; expected rates of return; and other factors, many of which are beyond the control of Condor. Capital expenditures may be affected by cost pressures associated with new capital projects, including labour and material supply, project management, drilling rig rates and availability, and seismic costs.

These factors are discussed in greater detail in filings made by Condor with Canadian securities regulatory authorities including the Company's Annual Information Form, which may be accessed through the SEDAR website (www.sedar.com).

Readers are cautioned that the foregoing list of important factors affecting forward-looking information is not exhaustive. The forward-looking information contained in this MD&A are made as of the date of this MD&A and, except as required by applicable law, Condor does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

ABBREVIATIONS

The following is a summary of abbreviations used in this MD&A:

Mbbl	Thousands of barrels of oil
Mboe	Thousands of barrels of oil equivalent
NPV	Net present value
MMscf	Million standard cubic feet
bopd	Barrels of oil per day
CAD	Canadian dollars
USD	United States dollars